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Financing of the United Nations Mission in the Sudan

Financing arrangements for the United Nations Mission in the Sudan for the period from 1 July 2008 to 30 June 2009

Report of the Advisory Committee on Administrative and Budgetary Questions

1. The Advisory Committee on Administrative and Budgetary Questions has considered the note of the Secretary-General on the financing arrangements for the United Nations Mission in the Sudan (UNMIS) for the period from 1 July 2008 to 30 June 2009 (A/63/756). During its consideration of the note, the Advisory Committee met with the representatives of the Secretary-General, who provided additional information and clarification.

2. In its resolution 62/267 on the financing of UNMIS, the General Assembly appropriated to the Special Account for UNMIS the total amount of $858,771,200 gross for the period from 1 July 2008 to 30 June 2009, inclusive of $820,720,600 gross for the maintenance of the Mission, $33,169,900 for the support account for peacekeeping operations and $4,880,700 for the United Nations Logistics Base at Brindisi, Italy. Resources approved by the General Assembly for UNMIS provided for the authorized strength of 750 military observers, 9,250 military contingent personnel, 715 United Nations police officers, 1,037 international and 2,860 national staff (including 89 temporary positions), 353 United Nations Volunteers and 40 Government-provided personnel.

3. The Secretary-General notes that during the first seven months of the financial period from 1 July 2008 to 31 January 2009, actual costs have consistently exceeded budget forecasts, resulting in projected additional requirements estimated at $65.1 million in three main areas, namely, personnel-related costs ($37 million), fuel ($13.4 million) and aircraft rental ($14.7 million). The Mission has also incurred additional costs of $22.6 million for the current budget period in procurement and construction projects deferred from 2007/08, which, in turn, has limited the capacity of the Mission to absorb the additional requirements during the current period.

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4. The additional requirements of $65.1 million are partially offset by a projected unutilized balance of $4,554,600, including for communications ($2,149,700), medical services ($1,166,600), special equipment ($698,500), general temporary assistance ($382,700), Government-provided personnel ($130,800) and information technology ($26,300). In addition, rental agreements on five aircraft have been terminated, making $7 million available to partially offset the additional air transportation costs. Taking into account reductions in various expenditures, a net additional requirement of $56,173,100 in the 2008/09 period is requested.

5. Upon enquiry, the Advisory Committee was informed that, as at 16 March 2009, a total of $4,029,230,000 had been assessed on Member States in respect of UNMIS since its inception. Payments received as at the same date amounted to $3,840,132,000, leaving an outstanding balance of $189,098,000. As at 16 March 2009, the cash position of the Mission was $209,300,000, including the three-month operating reserve of $155,955,000, resulting in a remaining cash balance of $53,345,000. The Committee was further informed that, as at 31 December 2008, an estimated $9,859,000 was owed for troop-cost reimbursements and $24,437,000 was owed for contingent-owned equipment. The next payments for troop-cost reimbursements and contingent-owned equipment are scheduled for the end of March 2009.

6. Upon enquiry, the Advisory Committee was provided with a breakdown of the additional personnel-related requirements in the amount of $37 million for military, police and civilian personnel, as follows:

(a) An increase of $9.0 million in hazard allowance based on a recommendation by the Department of Safety and Security to change the security phase from 2 to 3, effective 12 July 2008;

(b) An increase of $4.9 million in international personnel costs ($2.9 million resulting from a lower vacancy rate than budgeted, $1.5 million from an increase in the salary scale and $0.5 million from a lower number of staff than budgeted living in United Nations-provided accommodation);

(c) An increase of $6.6 million in national personnel costs ($1.7 million from a lower vacancy rate than budgeted, $6.6 million from an increase in the salary scale based on local salary surveys undertaken by the United Nations Development Programme, offset by $1.7 million due to United States dollar exchange rate fluctuations against the local currency);

(d) An increase of $5.2 million in costs for United Nations police ($1.8 million resulting from a lower vacancy rate and $3.3 million related to mission subsistence allowance because of fewer police officers than budgeted living in United Nations-provided accommodation);

(e) An increase of $1.6 million in costs for military observers related to mission subsistence allowance due to fewer observers than budgeted living in United Nations-provided accommodation;

(f) An increase of $4.0 million in troop rotation costs;

(g) Additional requirements, which were not budgeted, of $3.7 million for the rotation of contingent-owned helicopters;

(h) Additional requirements of $1.5 million for contingent-owned major equipment, including special naval equipment;

(i) Additional requirements of $0.5 million relating to the increase in commercial airline ticket prices for the travel of military observers and United Nations police, and higher daily and recreational allowances for contingent personnel resulting from the lower vacancy rate.

7. The Advisory Committee was informed that, as at 16 March 2009, the vacancy rate for international staff was 22 per cent, down from 32 per cent reported to the Committee as at 30 April 2008. **The Advisory Committee notes the Mission's efforts at reducing its vacancy rate for international staff and encourages the Mission to intensify its efforts in this regard.**

8. The Advisory Committee was informed that, owing in part to the increased support to the African Union-United Nations Hybrid Operation in Darfur (UNAMID) during the period 2007/08, UNMIS did not start work on the construction of permanent United Nations-provided accommodation for civilian and military staff in replacement of prefabricated structures. The Committee was also informed that a significant percentage of staff members choose not to live in the prefabricated structures, as they are very basic. The Advisory Committee notes that the full mission subsistence allowance rate continues to be paid for those United Nations personnel who are not living in United Nations-provided accommodation, resulting in some $5.4 million in additional requirements for payments to international staff, military observers and United Nations police. **The Committee trusts that the construction of permanent United Nations-provided accommodation structures for civilian and military staff will proceed without delay, with a view to reducing the costs related to the payment of full mission subsistence allowance. The Committee stresses that the permanent construction should address the shortcomings of the existing prefabricated accommodations so that they can be fully utilized by staff currently living outside the United Nations premises. The Committee also recommends that the construction of prefabricated accommodations in field missions should be based on a sound assessment of the number of staff members actually willing to occupy them. The Advisory Committee expects an update on the matter in the context of the proposed budget for UNMIS for the period from 1 July 2010 to 30 June 2011.**

9. The Advisory Committee was provided, upon request, with background information relating to the additional fuel requirements in the amount of $13.4 million. The Committee was informed that the average unit price for the first six months of the period 2008/09 would be 56 per cent higher than the budgeted rate and that the average annual unit price for the entire period was expected to be 50 per cent higher than budgeted. Specifically, an amount of $0.83 per litre of diesel and jet fuel had been budgeted for the period 2008/09; however, the average cost for diesel fuel was projected at $1.27 per litre and the average cost for jet fuel at $1.14 per litre for the period. The Committee was further informed that the cost of fuel is determined by the Platts oil price index at the time of shipment. The imported fuel is released and billed to UNMIS on the basis of the first-in-first-out accounting

method,[1] leading to a few months' delay before the market price at the time of import is reflected in the invoice for the quantities consumed. Therefore, for the first half of the 2008/09 period, UNMIS paid higher prices owing to the consumption of fuel which had been imported by the contractor during the period of high global prices.

10. Upon request, the Advisory Committee was provided with information regarding the increased requirements of $14.7 million for the rental of aircraft. The Committee was informed that some aircraft rental contracts had recently expired and that the newly negotiated contracts turned out to be higher both for guaranteed fleet and for flight-hour costs. The average cost of one helicopter flight hour increased from a budgeted amount of $1,635 to $1,950, leading to an increase of $2.6 million in projected requirements for total flight-hour costs.

11. The Advisory Committee notes from the Secretary-General's report and the additional information provided upon enquiry that efforts have been made to offset higher costs in the areas of personnel, fuel and aircraft rental by reviewing overall operational requirements, reprioritizing activities and operations and delaying acquisitions and construction projects. **The Advisory Committee notes that the increased budgetary requirements stem primarily from circumstances beyond the Mission's direct control, particularly with respect to personnel-related costs. The Advisory Committee nevertheless trusts that, for the remainder of the financial period, the Mission will strive to achieve efficiency gains wherever possible. The Advisory Committee therefore recommends appropriation of the full amount requested by the Secretary-General, with partial assessment (see para. 12 (b) and (c) below). Efficiency gains achieved should be reflected in the performance report for the period 2008/09.**

12. **Under the circumstances, the Advisory Committee recommends that the General Assembly approve:**

(a) **The appropriation of an additional amount of $56,173,100 for the maintenance of the Mission for the period from 1 July 2008 to 30 June 2009, above the amount of $820,720,600 already appropriated for the same period under the provisions of Assembly resolution 62/267;**

(b) **Assessment of the amount of $42,129,825 for the period from 1 July 2008 to 30 April 2009;**

(c) **Assessment of the amount of $8,425,965 at a monthly rate of $4,212,982 should the Security Council decide to continue the mandate of the Mission beyond 30 April 2009.**

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[1] The Advisory Committee was informed that this method is a common supply chain management principle, which enables the Mission to track fuel prices as invoiced with reference to the date of the bill of lading for ships coming through Port Sudan or waybills through Kenya; these are supply chain delivery routes as per the contractual agreement. The date of reference of the bill of lading or waybill is correlated to a fuel pricing index (such as the above-mentioned Platts index) to arrive at the variable component of the fuel price to be reimbursed to the contractor. Using the first-in-first-out method insures that UNMIS fuel is billed according to the order of delivery of the shipments.